

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Robert G. Taub, Chairman;
Mark Acton, Vice Chairman;
Tony Hammond; and
Nanci E. Langley

Competitive Product Prices
Global Reseller Expedited Package Services 2 (MC2013-51)
Negotiated Service Agreements

Docket No. CP2016-279

ORDER APPROVING MODIFICATION TWO TO
GLOBAL RESELLER EXPEDITED PACKAGE SERVICES 2 NEGOTIATED SERVICE
AGREEMENT

(Issued September 28, 2017)

I. INTRODUCTION

The Postal Service seeks to modify a Global Reseller Expedited Package Services 2 negotiated service agreement.¹ For the reasons discussed below, the Commission approves the Modification.

¹ Notice of the United States Postal Service of Filing Modification Two to Global Reseller Expedited Package 2 Negotiated Service Agreement, September 27, 2017 (Notice). The modification is an attachment to the Notice (Modification).

In Order No. 3528, the Commission approved the Global Reseller Expedited Package Services 2 negotiated service agreement (Existing Agreement).² On September 25, 2017, the Postal Service filed a motion for temporary relief seeking a contract extension, stating that it had sent to the customer a proposed modification that would similarly extend the contract, and would file that modification once it was signed.³ On September 27, 2017, the Commission granted the Postal Service's motion for temporary relief.⁴ On the same day, the Postal Service filed the Notice that it has agreed to the Modification to the Existing Agreement.

II. COMMISSION ANALYSIS

The Commission has reviewed the Notice and the accompanying materials filed under seal.

Cost considerations. The Commission reviews competitive product prices to ensure that each product covers its attributable costs, does not cause market dominant products to subsidize competitive products, and contributes to the Postal Service's institutional costs. 39 U.S.C. § 3633(a); 39 C.F.R. §§ 3015.5 and 3015.7. As long as the revenue generated by the product exceeds its attributable costs, the product is unlikely to reduce the contribution of competitive products as a whole or to adversely affect the ability of competitive products as a whole to contribute an appropriate share of institutional costs. In other words, if a product covers its attributable costs, it is likely to comply with 39 U.S.C. § 3633(a).

² See Order Approving Additional Global Reseller Expedited Package Services 2 Negotiated Service Agreement, September 22, 2016 (Order No. 3528). The contract was later modified. See Order No. 4000, Order Approving Modification One to Global Reseller Expedited Package Services 2 Negotiated Service Agreement, July 13, 2017.

³ Motion for Temporary Relief Concerning Global Reseller Expedited Packages Contracts 2 Negotiated Service Agreement, September 25, 2017 (Motion).

⁴ Order Granting Motion for Temporary Relief, September 27, 2017 (Order No. 4127).

The Modification changes the expiration date of the contract to October 31, 2017. Notice at 1. This is the same date to which the Commission extended the expiration date when it granted the Postal Service's Motion. See Order No. 4127 at 3.

The Modification does not materially affect the underlying financial analysis of the Existing Agreement. Thus, the Commission finds that the Existing Agreement, as modified, comports with the provisions applicable to rates for competitive products in 39 U.S.C. § 3633(a) and 39 C.F.R. § 3015.7.

Other considerations. If the Existing Agreement, as modified, is terminated prior to the scheduled expiration date, the Postal Service shall promptly notify the Commission.

In conclusion, the Commission approves the Existing Agreement, as modified.

III. ORDERING PARAGRAPHS

It is ordered:

1. The Commission approves the Existing Agreement, as modified.
2. The Postal Service shall notify the Commission if the Existing Agreement, as modified, terminates prior to the scheduled expiration date.

By the Commission.

Stacy L. Ruble
Secretary